

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 173

March 2006

ITEMS TO REMEMBER

MARCH

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 "The School Administrator and Uniform Compliance Guidelines".)

APRIL

- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 14: Good Friday - Legal Holiday (IC 1-1-9-1)
- April 15: Last day for the board of school trustees of the school corporation located wholly or partially within the county, which has the greatest taxable valuation of any school corporation in the county to appoint a member of the governing body to serve as a member of the county board of tax adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the county board of tax adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines".)
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter.

MAY

- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.
- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 2006-2007 school year on or before May 1, shall notify the teacher that the governing body will or consider nonrenewal of the contract for the next school term. The notification shall be: (A) written; and (B) delivered in person or mailed by registered or certified mail to the teacher at the teacher's last known address. IC 20-28-7-9 also provides possible additional procedures.
- May 2: Election Day – Legal Holiday (IC 1-1-9-1)

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- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines Manual.")
- May 29: Memorial Day - Legal Holiday (IC 1-1-9-1)
- May 31: On or before June 1 and December 1 of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the school corporation shall certify to the county treasurer a list of the names and addresses of each person who has money due the person from the school corporation. (IC 6-1.1-22-14).

OBSOLETE VOLUME

All articles of Volume 133 of The School Administrator have now been updated and reprinted in later volumes of the Accounting Manual for Indiana Public School Corporations, or are no longer applicable; thus, Volume 133 which was distributed in March of 1996 may now be deleted from your files.

VISUAL ACUITY TEST

The governing body of each public school corporation shall conduct an annual screening test of the visual acuity using the modified clinical technique described in IC 20-34-3-12[c], of all children upon enrollment in kindergarten or first grade and an annual screening test of the visual acuity of all children enrolled in, or transferred to the third and eighth grades and of all other school children suspected of having a visual defect. Records of all tests shall be made and continuously maintained in order to provide information useful in protecting, prompting and maintaining the health of school children. IC 20-34-3-12 also provides that the State Board of Health and the State Board of Education shall adopt joint rules and regulations concerning vision testing equipment, qualifications of vision testing, personnel, and criteria for failure and referral based upon accepted medical practice and standards. IC 20-34-3-2 provides objection procedures concerning any testing, examination, immunization or treatment required. An objection will not exempt a child from any testing required unless made in writing, signed by the child's parent and delivered to the child's teacher or other school administrator who might order the test. The expense of such testing is payable from the general fund of a school corporation.

Many other health measure requirements may be found in IC 20-34-3. These include medical inspection of school children, provision for appointments of school physicians and nurses, immunization history of students, test for tuberculosis, sickle cell anemia, lead poisoning and audiometer tests, postural defects, and aids information.

CERTIFIED CHECKS

IC 5-22-7 and various other statutes allow the use of certified checks. We sometimes have questions and telephone calls indicating difficulty in obtaining certified checks.

IC 1-1-7.5-1 states: "In all cases where it is required by law that a certified check be submitted in conjunction with the submission of bids on public contracts, it is lawful to submit a draft, cashiers check, or money order issued by a financial institution insured by an agency of the United States."

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PETTY CASH FUND

IC 21-2-5 provides the governing body of the school corporation is authorized, to establish and maintain a Petty Cash Fund for the purpose of paying small or emergency expenses of an administrative or operating nature. The school board, if a Petty Cash Fund is to be established, must make an appropriation for an amount not to exceed \$500. If made, the General Fund appropriation will be in Other Fiscal Services, Account 25292. Receipt to Clearing Account 810 the check which was written on the General Fund (Expenditure Account 25292) to establish the Petty Cash Fund in the amount allowed by the board of school trustees. The amount is entered in the "Receipts" column and carried to the "Balance" column of the Petty Cash Fund Clearing Account.

An entry should be made in the disbursements column of the Petty Cash Fund Clearing Account 810 when the amount of the Petty Cash Fund is returned to the General Fund (Receipt Account 7400) and the balance reduced accordingly.

A check shall be drawn on the General Fund to establish the fund payable to a person appointed as custodian by the board of school trustees. The custodian shall convert to cash all checks so drawn and shall be responsible for the administration of the fund. The custodian of the fund shall file a report with the board of school trustees at the close of each month showing the balance of the fund at the beginning of the month, the expenditures during the month, and the balance on hand at the end of the month. The custodian shall obtain a receipt or voucher for each expenditure from the fund, which shall be filed with the monthly report. The fund may be replenished at the close of each month by a check drawn on the General Fund, payable to the petty cash custodian, and charged to the proper appropriation accounts according to the purposes of the expenditures as evidenced by the receipts or vouchers filed by the custodian with the monthly report.

HONORS DIPLOMA AWARD

IC 21-3-1.7-9.8 concerning computation and use of the honors diploma award states: "(a) In addition to the distributions under section 8.2 of this chapter, a school corporation is eligible for an honors diploma award in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Multiply the STEP ONE amount by nine hundred dollars (\$900). (b) An amount received by a school corporation as an honors diploma award may be used only for: (1) any: (A) staff training; (B) program development; (C) equipment and supply expenditures; or (D) other expenses; directly related to the school corporation's academic honors diploma program; and (2) the school corporation's program for high ability students. (c) A governing body that does not comply with this section for a school year is not eligible to receive an award under this section for the following school year."

The State Board of Accounts has established accounts 11355 and 12150 Academic Honors-High Ability Student Programs to account for the expenditures directly related to a school corporation's academic honors diploma program (11355) and a school corporation's program for high ability students (12150).

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FORM APPROVAL PROCESS

The State Board of Accounts is of the audit position as a result of advances in computer technology, some computer hardware, software and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts. Additionally, some of the prescribed forms are currently replicated on continuous, preformatted computer paper.

The State Board of Accounts prescribes the required accounting system forms, but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. (All prenumbered forms must still be serially prenumbered by the printing supplier prior to delivery to the school corporation). The exact replications must be identical to the prescribed forms in format, titles and locations of data. The exact replications of prescribed forms are not required to be submitted to the State Board of Accounts for approval.

Several software vendors have been able to take advantage of the newer technologies while other vendors have been unable to replicate prescribed forms. Certainly the prescribed form replication is the preferred approach from our audit position. However, in an effort to accommodate school corporations, the State Board of Accounts offers the following alternative.

Decisions regarding the participation of school corporations with vendor software systems are the responsibility of the elected or appointed governing body of a school corporation in accordance with statutory authority. Accordingly, a board of school trustees, if desiring to use forms generated by a particular software program or package, may pass a resolution so stating their preference. The resolution and a letter (see sample letter required on page 7) would be sent to the State Board of Accounts for compliance with applicable statutes and regulations and to provide assurance that a school corporation does indeed desire to use the forms. The forms submitted should be very similar to the prescribed system (same headings and titles, information, etc.). Otherwise, a cross-reference to prescribed form intended to be replaced should be submitted. The State Board of Accounts approval is based upon compliance with the conditions outlined on pages 5 and 6 and review during the audits of the school corporations. Thereafter, other school corporations may use any forms previously approved for the original school corporation using that particular software program (assuming compliance with the conditions outlined on pages 5 and 6 and subsequent audits).

Any forms not previously reviewed and approved by the State Board of Accounts would need to go through the traditional form approval process, ie; a vendor decides to change a form six months after the original approval or a school corporation does not like the form a vendor is using and tries to create their own, those type of forms would require separate approval. However, once approved the new process as summarized below could be utilized.

Summarization of the new form approval process:

1. The Board of School Trustees of School Corporation "A" passes a resolution in a public meeting stating the desire to use forms generated by a specific software program.
2. A copy of the resolution along with information in the sample letter (page 7) is sent to the State Board of Accounts by School Corporation "A" along with a sample of all reports and forms of the system. The forms submitted should be very similar to the prescribed system (same headings, titles, information, etc.). Otherwise, **a cross-reference to the prescribed form intended to be replaced must be submitted.**

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3. School Corporation "A" receives an approval letter from the State Board of Accounts and begins using the forms without any further approvals in the future.

4. School Corporations "B", "C", etc., send to the State Board of Accounts the same type of resolution and sample letter (page 7), (no forms are sent to the State Board of Accounts). School Corporations "B", "C", etc., adhere to the conditions on pages 5 and 6 and recommendations made during audits and begin using the forms without further approvals in the future unless the forms change. Previously approved forms for that system do not have to be sent in for approval. School Corporations "B", "C", etc. will not receive approval letters as they have agreed to abide by the conditions in The School Administrator.

We are hopeful the new process will provide an innovative procedure to save time and expense by school corporations while still complying with statutory and regulatory requirements. We are counting on school corporations to help in monitoring any form changes.

Normal Form Approval Conditions:

1. The items noted in red ink are a condition of approval.
2. The signatures shall be the only manual entry on the form. All other information entered on the form must be generated by the computer system subject to the internal controls inherent therein.
3. The State Board of Accounts has reviewed the titles and fields presented, but not the data and formulas used in the computerized accounting system. The forms and system will be subject to further review and/or recommendations during the audits of (School Name) to allow for on-site review as well as to ensure compliance with current statutes.
4. Any other forms necessary to complete the system shall be submitted to our office for approval. You shall continue to maintain all prescribed forms not otherwise covered by an approval.
5. All transactions that occur in the system must be recorded. Transactions can be maintained on-line, on back up tapes, microfilmed, or printed on hardcopy. These transactions include, but are not limited to, all input transactions, transactions that generate receipts, transactions that generate checks, master file updates, and all transactions that affect the ledgers in any way. The system must be designed so that changes to a transaction file cannot occur without being processed through an application.
6. The ability must not exist to change data after it is posted. If an error is discovered after the entry has been posted, then a separate correcting entry must be made. Both the correcting entry and the original entry must be maintained.
7. If the unit owns the source code, sufficient controls must exist to prevent unauthorized modification. If the unit does not own the source code, the vendor shall provide representatives of the State Board of Accounts with access to all computer source codes for the system upon request for audit purposes. In addition, the vendor shall provide representatives of the State Board of Accounts with a document describing the operating system used, the language that the source code is written in, the name of the compiler used, and the structure of the data files including data file names, data file descriptions, field names, and field descriptions for the system.

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8. Any receipts, checks, purchase orders, or other forms that require numbering shall be either prenumbered by an outside printing supplier or numbered by the unit's computer system with sufficient controls installed in the system to prevent unauthorized generation of the form or duplication of numbers.
9. All checks must be either in duplicate or recorded in an approved check register. The items noted in the red ink may be satisfied with the use of an approved check register.
10. All receipts must be either in duplicate or recorded in an approved receipt register.
11. "Approved by State Board of Accounts for (School Name), 2006" shall be printed on each approved form furnished by a printing supplier.
12. This letter and the attached approved forms must be permanently retained and available for review and audit.

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LETTERHEAD
OF
GOVERNMENTAL UNIT

State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, Indiana 46204-2765

Re: Form Approvals

The **(NAME OF GOVERNING BODY)** passed the attached resolution concerning usage of forms for the **(NAME OF GOVERNMENTAL UNIT)**.

The **(NAME OF GOVERNING BODY)** is ultimately responsible for all forms and systems to be used. Accordingly, we are requesting to be authorized to use the forms and systems provided (1) for **(NAME OF SCHOOL CORPORATION WHICH FIRST RECEIVED AN APPROVAL)** as these forms were approved by your Office in writing as of **(DATE OF ORIGINAL APPROVAL)**. We will abide by the form approval requirements as stated in the "School Administrator" and during audits by the State Board of Accounts.

The **(NAME OF GOVERNING BODY)** will notify you in writing if desiring to discontinue use of the system approved. Any forms that are not in an all inclusive approved package would still need to be approved by your Office.

We also understand the process of a letter and resolution are not an attempt to provide preferential treatment to any vendor but instead are an effort to expedite the form approval process required by statute and regulation. Finally, we are aware that any system or hardware changes initiated by a vendor and the resultant costs, are vendor, market or consumer demand driven.

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(PRESIDENT OR CHAIRMAN OF THE GOVERNING BODY)

))))))))))
(DATE)

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(CHIEF EXECUTIVE OFFICER)

))))))))))
(DATE)

(1) The first School Corporation approved would have a period after the word "provided" and the rest of the sentence would be deleted. All other School Corporations requesting use of that system should show the information stated after the word "provided".